

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2010-11		FY 2011-12	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

\*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB899 eliminates the sunset provision for the annual level dollar payment the State contributes to the Schools', Judges' and State Patrols' Retirement Plans. Currently the State's annual level dollar payment sunsets on June 30, 2011 with the exception of the Omaha School Employee Retirement System (OSERS) which does not have a sunset provision. The State's annual level dollar payment is as follows:

Retirement Plan	\$ Amount
Schools' – State	5,639,235
Judges'	72,244
State Patrol	210,220
Subtotal	5,921,699
Schools' – Omaha	973,301
Total	6,895,000

By law, the State contributes the difference, if any, between the actuarially required contribution rate and the rate of all other required contributions. Therefore, if the employer and employee contribution plus interest income is less than the actuarially required contribution, the State makes up the difference.

In years when the actuarial valuation indicates that additional State contributions are required, elimination of the sunset would have no fiscal impact since, as noted above, the State makes up the difference between the actuarially required contribution and all other required contributions. In years when the actuarial valuation indicates that employer and employee contribution plus interest income is sufficient to meet or exceed the actuarial requirement, elimination of the sunset would have a fiscal impact since all or part of the \$5,921,699, shown in the subtotal, would not be necessary.

The actuarial requirement for FY2011-12, the first year the elimination of the sunset would be in effect, will not be known until the actuarial valuation is completed in November, 2010. A five-year projection of the State's funding requirements for the three defined benefits plans, prepared in October, 2009, by the actuarial consultant estimates an additional State contribution will be required for FY2011-12 through FY2014-15. The additional State contribution for FY2011-12 is estimated at \$40.3 million.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Gary Bush	DATE	1/21/10	PHONE	471-2526
COMMENTS					
NEBRASKA EMPLOYEE RETIREMENT SYSTEM: Concur.					